

## **16-6a-207 Incorporation of cooperative association.**

- (1)
  - (a) If a cooperative association meets the requirements of Subsection (1)(b), it may:
    - (i) be incorporated under this chapter; and
    - (ii) use the word "cooperative" as part of its corporate or business name.
  - (b) A cooperative association described in Subsection (1)(a):
    - (i) may not be:
      - (A) an association subject to the insurance or credit union laws of this state;
      - (B) a health insurance purchasing association as defined in Section 31A-34-103; or
      - (C) a health insurance purchasing alliance licensed under Title 31A, Chapter 34, Voluntary Health Insurance Purchasing Alliance Act; and
    - (ii) shall state in its articles of incorporation that:
      - (A) a member may not have more than one vote regardless of the number or amount of stock or membership capital owned by the member unless voting is based in whole or in part on the volume of patronage of the member with the cooperative association; and
      - (B) savings in excess of dividends and additions to reserves and surplus shall be distributed or allocated to members or patrons on the basis of patronage.
- (2)
  - (a) Any cooperative association incorporated in accordance with Subsection (1):
    - (i) has all the rights and is subject to the limitations provided in Section 3-1-11; and
    - (ii) may pay dividends on its stock, if it has stock, subject to the limitations of Section 3-1-11.
  - (b) The articles of incorporation or the bylaws of a cooperative association incorporated in accordance with Subsection (1) may provide for:
    - (i) the establishment and alteration of voting districts;
    - (ii) the election of delegates to represent:
      - (A) the districts described in Subsection (2)(b)(i); and
      - (B) the members of the districts described in Subsection (2)(b)(i);
    - (iii) the establishment and alteration of director districts; and
    - (iv) the election of directors to represent the districts described in Subsection (2)(b)(ii) by:
      - (A) the members of the districts; or
      - (B) delegates elected by the members.
- (3)
  - (a) A corporation organized under Title 3, Uniform Agricultural Cooperative Association Act, or Title 16, Chapter 16, Uniform Limited Cooperative Association Act, may convert itself into a cooperative association subject to this chapter by adopting appropriate amendments to its articles of incorporation by which:
    - (i) it elects to become subject to this chapter; and
    - (ii) makes changes in its articles of incorporation that are:
      - (A) required by this chapter; and
      - (B) any other changes permitted by this chapter.
  - (b) The amendments described in Subsection (3)(a) shall be adopted and filed in the manner provided by the law then applicable to the cooperative nonprofit corporation.
- (4) Notwithstanding Subsection (1), a health insurance purchasing association may not use the word "cooperative" or "alliance" but may use the word "association."
- (5) Except as otherwise provided in this section, a cooperative nonprofit corporation is subject to this chapter.

- (6) A corporation that is a cooperative under this chapter may convert to a limited cooperative association under Title 16, Chapter 16, Uniform Limited Cooperative Association Act, by complying with that chapter.

Amended by Chapter 363, 2008 General Session